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Office of Audits

May 2017

Audit of the Bureau of Consular Affairs, Office of Consular Systems and Technology, Administration of Selected Information Technology Contracts

CONTRACTS, GRANTS, AND INFRASTRUCTURE DIVISION

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OIG HIGHLIGHTS

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UNCLASSIFIED

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What Was Audited

The Bureau of Consular Affairs (CA) relies on a number of information technology (IT) systems to achieve its mission to protect U.S. citizens abroad and strengthen the security of U.S. borders through the adjudication of visa and passports. Much of the development and maintenance of the IT systems is performed by contractors. The Bureau of Consular Affairs, Office of Consular Systems and Technology (CA/CST) is responsible for the oversight of these contractors.

Acting on behalf of the Office of Inspector General (OIG), Kearney & Company P.C. (Kearney), an independent public accounting firm, conducted this audit to determine whether CA/CST administered IT contracts in accordance with applicable Federal and Department of State (Department) procurement guidelines.

What OIG Recommends

OIG made nine recommendations to address issues identified in the report, including approximately \$28.4 million in identified questioned costs.

CA concurred with eight of the nine recommendations offered and OIG considers each of these recommendations resolved, pending further action. CA did not concur with one recommendation but took action that fulfilled the underlying intent of the recommendation. OIG therefore considers this recommendation closed and no further action is required. A synopsis of management's response and OIG replies are presented after each recommendation in the Audit Results section of this report. CA's comments have been reprinted in Appendix C.

What Was Found

Kearney found that CA/CST did not administer selected IT contracts in accordance with Federal and Department guidelines. Specifically, Kearney found that contracting officer's representative (COR) files did not include all required documents, CORs did not enforce requirements that contractors provide monthly status reports and CORs did not ensure that key contractor personnel met contractual requirements for qualifications. In addition, CA/CST did not enforce requirements for CORs to review invoices from contractors and did not ensure that its policy on approving contract modifications was followed.

The instances of noncompliance with Federal and Department guidelines occurred, in part, because CA/CST did not have sufficient internal policies and procedures related to contract administration. For example, CA/CST did not have clear internal guidance on using a website designed to maintain COR files and did not require new CORs to verify that existing files were complete before undertaking COR oversight duties. Moreover, CA/CST management did not sufficiently oversee CORs and government technical monitors (GTM). CA/CST management and Contracting Officers in the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) were aware of COR and GTM turnover but did not perform a review of COR files to ensure that CORs were maintaining required documentation. In addition, CA/CST management and A/LM/AQM contracting officers did not sufficiently oversee CORs and GTMs or adequately communicate oversight roles and responsibilities when new CORs or GTMs were assigned.

Because CA/CST did not sufficiently monitor the contracts, Kearney questioned costs of approximately \$28.4 million:

Unsupported Costs	\$25,295,594
Unallowable Costs	\$3,057,674
Total Questioned Costs	\$28,353,268

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Audit of the Bureau of Consular Affairs, Office of Consular Systems and Technology,
Administration of Selected Information Technology Contracts

Office of Inspector General
U.S. Department of State
Washington, D.C.

Kearney & Company, P.C. (Kearney), has performed an audit to determine whether the Bureau of Consular Affairs, Office of Consular Systems and Technology, administered IT contracts in accordance with applicable Federal and Department of State procurement guidelines. This performance audit, performed under Contract No. SAQMMA14A0050, was designed to meet the objective identified in the report section titled "Objectives" and further defined in Appendix A, "Purpose, Scope, and Methodology," of the report.

Kearney conducted this performance audit from March 2016 through April 2017 in accordance with *Government Auditing Standards*, 2011 Revision, issued by the Comptroller General of the United States. The purpose of this report is to communicate the results of Kearney's performance audit and its related findings and recommendations.

Kearney appreciates the cooperation provided by personnel in Department of State offices during the audit.

A handwritten signature in blue ink that reads "Kearney & Company".

Kearney & Company, P.C.
Alexandria, Virginia
April 28, 2017

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OBJECTIVE

The objective of this audit was to determine whether the Bureau of Consular Affairs, Office of Consular Systems and Technology (CA/CST) administered information technology (IT) contracts in accordance with applicable Federal and Department of State (Department) procurement guidelines.

BACKGROUND

The Bureau of Consular Affairs (CA) is responsible for protecting U.S. citizens abroad; issuing passports, visas, and other documents to citizens and foreign nationals; and protecting U.S. borders, as well as the facilitating legitimate travel to the United States. CA needs reliable and secure IT systems to achieve its mission. One of CA's strategic goals is to provide robust, reliable, and secure IT systems by deploying solutions that will increase the public's ability to access consular services online and by improving internal systems to increase the quality, flexibility, and efficiency of services. Much of the development and maintenance of the IT systems is performed by contractors. CA/CST is responsible for the oversight of these contractors. As of November 2015, CA/CST had 135 active IT related contracts with a value of \$679 million.

Bureau of Consular Affairs, Office of Consular Systems and Technology Information Technology Contracts

Kearney & Company P.C. (Kearney) limited its audit scope to 6 of CA/CST's 135 active contracts. The total contract value for each of the selected contracts was over \$40 million.¹ These contracts were among CA/CST's highest valued IT contracts. Five of the six contracts selected had similar cost structures; specifically, the contracts had both firm fixed price (FFP)² and time and materials (T&M)³ contract line item numbers (CLIN).⁴ One of the six contracts had a labor hours⁵ CLIN structure. All of the contracts included a base year, plus 4 option years. Details on the six contracts selected for review are included in Table 1.

¹ OIG selected these contracts based on their dollar-value.

² According to Federal Acquisition Regulation (FAR) 16.202, "Firm-Fixed Price Contracts," a FFP contract provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract.

³ According to FAR 16.601, "Time-and-Materials Contracts," a time-and-materials contract provides for acquiring supplies or services on the basis of (1) direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit; and (2) actual cost for materials.

⁴ A CLIN is used in Federal Government contracts for accounting classification purposes to specify what services or supplies are being acquired.

⁵ According to FAR 16.602, "Labor-Hour Contracts," a labor-hour contract "is a variation of the time-and-materials contract, differing only in that materials are not supplied by the contractor."

**Table 1: Bureau of Consular Affairs, Office of Consular Systems and Technology
Contracts Selected for Review**

CA/CST Service Activity	Task Number	Vendor	Contract Type	Contact Value ^a (in millions)	Total Spending ^b (in millions)
Data Engineering and Data Management	SAQMMA14F1031	ActioNet, Inc.	FFP and T&M	\$89.9	\$20.1
American Citizen Services Support	SAQMMA14L0531	Deloitte Consulting LLP	FFP and T&M	\$43.3	\$12.7
Consular Lookout and Support System	SAQMMA12C0212	STG, Inc.	FFP and T&M	\$40.2	\$18.5
Passport Support Services	SAQMMA13L0327	STG, Inc.	FFP and T&M	\$46.2	\$25.5
Enterprise Reporting	SAQMMA14F0945	Tantus OnPoint Accelerated Transformation Solutions, LLC	Labor Hours	\$40.7	\$10.3
Web Support Services	SAQMMA14F3737	VMD Systems Integrators, Inc.	FFP and T&M	\$42.6	\$5.7
Total				\$302.9	\$92.8

^a Contract values, as of November 2015, which was when OIG planned this audit.

^b Total spending for the period January 1, 2014, through March 31, 2016.

Source: Prepared by Kearney based on base contracts, contract modifications, performance work statements for the selected contracts, and information from the Department's accounting system, the Global Financial Management System, as well as amounts provided by Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management and CA/CST.

Data Engineering and Data Management Contract

The Data Engineering and Data Management (DEDM) contract (SAQMMA14F1031), which is the largest of the selected contracts, was awarded on May 20, 2014, and had a value of \$89.9 million as of November 9, 2015. The DEDM contract is for the operation, modernization and maintenance of the Consular Consolidated Database, which is a data warehouse that holds current and archived data from CA domestic and post databases. The database contains information collected through passport and visa applications, as well as the status of these applications. Accordingly, Department and other agency users access the Consular Consolidated Database for verification purposes.

American Citizen Services Support Contract

The American Citizen Services (ACS) Support contract (SAQMMA14L0531) was awarded on March 24, 2014, and had a value of \$43.3 million as of November 9, 2015. The ACS contract assists CA with transforming operational processes and data from the existing legacy systems to

a future enterprise architecture system.⁶ The ACS contract sets up an integrated technical team for full system development life cycle and further provides for ongoing support, maintenance, and enhancement for the systems and tools used by the Deputy Assistant Secretary for Overseas Citizen Services.⁷

Consular Lookout and Support System Contract

The Consular Lookout and Support System (CLASS) contract (SAQMMA12C0212) was awarded on September 1, 2014, and had a value of \$40.2 million as of November 9, 2015. CLASS is an automated database system that the Department can reference when performing checks of visa and passport applicants. There are five primary objectives for the CLASS contract:

- Providing ongoing operations and maintenance for all existing CLASS operations, processes, applications, databases, and servers.
- Developing and deploying enhancements to improve CLASS accuracy, efficiency, and functionality.
- Improving coordination and cooperation with other agencies.
- Developing and deploying enhancements to comply with target CA/CST service oriented architecture initiatives.
- Streamlining operations to minimize overall costs through efficiencies.

Passport Support Services Contract

The Passport Support Services (PSS) contract (SAQMMA13L0327) was awarded on March 18, 2013, and had a value of \$46.2 million as of November 9, 2015. The PSS contract provides support, maintenance, and enhancement of the major systems and tools used by the Deputy Assistant Secretary for Passport Services,⁸ including the Travel Document Issuance System⁹ and the Passport Lookout Tracking System.¹⁰ The vendor supports these systems through maintenance, enhancements, modernization of certain components, and “bug fixes.” Similar to the ACS contract, the vendor also assists with CA transforming operational processes and data from existing legacy systems to the future enterprise architecture.

⁶ An enterprise architecture system is an information system that uses a holistic approach to assist an enterprise with the analysis of information and the execution of strategy.

⁷ According to the Foreign Affairs Manual (FAM), 1 FAM 255, “Deputy Assistant Secretary for Overseas Citizens Services,” the Deputy Assistant Secretary “formulates policy and directs, coordinates, monitors, and provides emergency and nonemergency services to U.S. citizens residing or traveling abroad.”

⁸ According to 1 FAM 253, “Deputy Assistant Secretary for Passport Services,” the Deputy Assistant Secretary “administers laws and formulates and recommends legislation, regulations, and policies relating to the documentation of U.S. nationals/citizens traveling abroad.”

⁹ The Travel Document Issuance System processes applications for U.S. passports from the point of receipt of the application through the issuance (or denial) of a passport book or a passport card.

¹⁰ The Passport Lookout Tracking System is a web-enabled case management and image archive system used to manage and adjudicate CLASS cases.

Enterprise Reporting Contract

The Enterprise Reporting (ER) contract (SAQMMA14F0945) was awarded on September 15, 2014, and had a value of \$40.7 million as of November 9, 2015. CA/CST established the ER contract to improve CA's enterprise-wide reporting and analytics capability. The contract requires the contractor to provide maintenance and support for existing reporting applications, analyze the current reporting landscape, and design a formal enterprise-reporting program.

Web Support Services Contract

The Web Support Services (WSS) contract (SAQMMA14F3737) was awarded on September 30, 2014, and had a value of \$42.6 million as of November 9, 2015. The WSS contract requires the contractor to perform activities for CA's internal and external-facing informational websites and web applications. The contractor is expected to perform migration/decommissioning activities over legacy websites to support CA/CST's efforts to modernize its website governance, architecture, and design.

Bureau of Consular Affairs, Office of Consular Systems and Technology

CA/CST supports CA's IT efforts through the design, development, deployment, and maintenance of unclassified and classified consular IT systems, databases, and infrastructure. CA/CST also develops and implements standards for CA's enterprise architecture, maintains the Consular Consolidated Database for real-time access to visa and passport records worldwide, and monitors data quality to ensure that system architecture meets current and projected requirements.

The CA/CST/Service Strategy and Portfolio Management Division (CA/CST/SSPM) within CA/CST is responsible for IT governance,¹¹ enterprise requirements management,¹² project or program management, acquisitions, contract management, budget planning, and internal management oversight. CA/CST/SSPM provides input for and manages CA/CST IT contracts, including preparation of statements of work, evaluation of proposals, and monitoring of deliverables, periods of performance, and funding.¹³

Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management

The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) plans and directs the Department's acquisition programs and

¹¹ IT governance is the process to ensure the effective and efficient use of IT to enable an organization to achieve its goals.

¹² Enterprise requirements management is the process of assessing an organization's IT needs and developing IT solutions to meet these needs.

¹³ 1 FAM 252.5-1, "Service Strategy and Portfolio Management Division."

conducts contract operations that support worldwide activities. A/LM/AQM provides a full range of contract management services, including acquisition planning, contract negotiations, cost and price analysis, and contract administration. Most domestic offices, including CA/CST, have limited procurement authority and rely on A/LM/AQM for the majority of their procurement support.

Contract Administration

The Federal Acquisition Regulation (FAR) and the Department's procurement policies describe the roles and responsibilities of Government personnel who are responsible for administering contracts. The Contracting Officer (CO) is the U.S. Government's authorized agent for dealing with contractors and has sole authority to solicit proposals and negotiate, award, administer, modify, or terminate contracts. The CO performs duties at the request of the offices that require the contract and relies on those offices for technical support concerning the products or services being acquired.¹⁴ According to the FAR,¹⁵ contracting offices are responsible for "verifying that the contractor fulfills the contract quality requirements."

A CO may designate, in writing, a Contracting Officer's Representative (COR), who will have limited authority to act on behalf of the CO.¹⁶ The COR has no authority to make any commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract.¹⁷ The COR's duties include:

- Monitoring the contractor's technical progress and the expenditures of resources relating to the contract.
- Performing inspections and accepting the work on behalf of the U.S. Government.
- Resolving technical issues arising under the contract that fall within the scope of the COR's authority and referring to the contracting officer any issues that cannot be resolved without additional cost or time.
- Reviewing and approving the contractor's vouchers or invoices after adequately verifying the costs against supporting documentation.¹⁸

COs are responsible for determining that CORs, when exercising delegated authority, are maintaining records that are adequate to support contract administration.¹⁹

The CO may also appoint a Government Technical Monitor (GTM) to assist the COR in monitoring a contractor's performance because of the GTM's physical proximity to the

¹⁴ Foreign Affairs Handbook (FAH), 14 FAH-2 H-141, "Responsibilities of the Contracting Officer."

¹⁵ FAR 46.103 "Contracting Office Responsibilities."

¹⁶ Ibid.

¹⁷ FAR 1.602-2, "Responsibilities."

¹⁸ 14 FAH-2 H-142, "Responsibilities of the Contracting Officer Representative."

¹⁹ Office of the Procurement Executive, Procurement Information Bulletin (PIB) No. 2014-10, "Contract Files and Contracting Officer Representative File Checklist," June 2015.

contractor's work site or because the GTM has special skills or knowledge necessary for monitoring the contractor's work.²⁰

All CORs and GTMs must have their acquisition knowledge certified to be eligible for appointment. The Federal Acquisition Certification-Contracting Officer's Representative (FAC-COR) Program certification requirements are issued by the Office of Federal Procurement Policy²¹ (which is under the Office of Management and Budget).

AUDIT RESULTS

Finding A: The Bureau of Consular Affairs, Office of Consular Systems and Technology Did Not Administer Selected Contracts in Accordance With Guidelines

Kearney found that CA/CST did not administer selected IT contracts in accordance with Federal and Department guidelines. Specifically, Kearney found that COR files did not include all required documents. Kearney also found that CORs did not enforce requirements that contractors provide monthly status reports and did not ensure that key contractor personnel met contractual requirements for qualifications. Furthermore, CA/CST did not enforce requirements for CORs to review invoices from contractors and did not ensure that its policy on approving contract modifications was followed.

The instances of noncompliance with Federal and Department guidelines occurred, in part, because CA/CST did not have sufficient internal policies and procedures related to contract administration. Moreover, CA/CST management and A/LM/AQM COs did not sufficiently oversee CORs and GTMs or adequately communicate the roles and responsibilities related to those positions. Because CA/CST did not sufficiently monitor the contracts, Kearney questioned costs of approximately \$28.4 million.

Incomplete Contracting Officer's Representative Files

The Department's Office of the Procurement Executive Procurement Information Bulletin (PIB) 2014-10²² provides contract file requirements. The PIB also provides a COR file checklist that can be used as an aid to properly maintain contract files and to review files for compliance. The PIB further states that CORs "are responsible for creating and maintaining contract files to support contract administration." The PIB and FAR²³ require the COR to maintain a file for each contract that, at a minimum, includes a copy of the following:

²⁰ Department of State Acquisition Regulation 642.271, "Government Technical Monitor."

²¹ 14 FAH-2 H-143.1, "COR Training Requirements."

²² PIB 2014-10 was issued May 7, 2014, and updated June 4, 2015.

²³ FAR 1.604, "Contracting Officer Representative."

- The CO's Contracting Officer's letter of designation²⁴ and other documents describing the COR's duties and responsibilities.
- The contract administration functions delegated to a contract administration office that may not be delegated to the COR.
- Documentation of COR actions taken in accordance with the delegation of authority.

The Foreign Affairs Handbook (FAH)²⁵ also requires that the COR "maintain a file documenting significant actions and containing copies of trip reports" and further states²⁶ "inspection of the contractor worksite is an effective method of monitoring contractor performance for non-commercial items. Discussions with contractor personnel and physical observations should be documented and included in the COR official file."

According to CA/CST/SSPM officials, in 2015, CA/CST/SSPM began using SharePoint²⁷ to maintain CA/CST COR files. The CA/CST/SSPM Division Chief stated that most of the information for CA/CST contracts should be stored on SharePoint. Therefore, to determine whether the CORs for each selected contract had maintained files in accordance with PIB²⁸ and FAR guidance,²⁹ Kearney reviewed CA/CST COR files on the SharePoint site for each of the six contracts selected for audit. As shown in Table 2, Kearney found that the COR files for all six contracts were missing key required documents.

Table 2: Results of the Assessment of the Completeness of Contracting Officer's Representative Files

Required Documents	Contract					
	DEDM	ACS	CLASS	PSS	ER	WSS
Contained COR designation letter	No	No	No	No	No	Yes
Contained list of contract administration functions that may not be delegated to a COR	No	No	No	No	No	No
Contained documentation of COR actions taken in accordance with delegation of authority	No	No	No	No	No	Yes
Contained documentation of site visit or trip report	No	No	No	No	No	N/A

Source: Prepared by Kearney based on review of SharePoint COR files.

²⁴ The CO provides a letter designating an individual as the contract's COR for technical matters within the scope of the contract. The letter of designation should include the effective date for the designation and list the CO's duties that are being delegated to the COR.

²⁵ 14 FAH-2 H-513, "The Contracting Officer Representative Role in Contract Administration."

²⁶ 14 FAH-2 H-522.3, "Site Visits."

²⁷ SharePoint sites are web-based sites where multiple users can access and store information, view shared documents, and collaborate on document revision.

²⁸ PIB 2014-10 § 3, "Responsibilities and Requirements."

²⁹ FAR 4.805, "Storage, Handling, and Contract Files."

Kearney discussed the results of its testing with CA/CST and A/LM/AQM officials to determine whether there were contract documents maintained outside of SharePoint. In some instances, additional documents were discovered and added to SharePoint; however, at the time of the audit, CA/CST and A/LM/AQM were unable to provide all of the required documents for any of the contracts reviewed. A CA/CST/SSPM official stated that starting in June 2016, CA/CST/SSPM had been working aggressively to reorganize all COR files.

Letters of Designation

Kearney noted significant periods of time during which each of the six contracts selected for audit did not have a properly authorized COR. Table 3 summarizes the timeframes during which COR delegation of authority letters for the selected contracts were not available within the COR files or COs' contract files. Although Kearney found that multiple people within CA/CST performed contract administration duties for the selected contracts, many of these people did so without a formal designation from the CO as required by the FAR.³⁰

Table 3: Officials Acting as Contracting Officer's Representatives for Selected Contracts Without a Letter of Designation – January 2014 Through September 2016

Contract	Number of Months		Percentage of Months
	Contract Was Active During Audit Period*	No Formally Designated COR	No Designated COR
DEDM – SAQMMA14F1031	28	21	75
ACS – SAQMMA14L0531	30	21	70
CLASS – SAQMMA12C0212	33	17	52
PSS – SAQMMA13L0327	33	28	85
ER – SAQMMA14F0945	25	25	100
WSS – SAQMMA14F3737	24	23	96

* The scope of the audit was January 2014 through September 2016, which is a total of 33 months. Some contracts were awarded after January 1, 2014; therefore, some contracts were active for less than 33 months.

Source: Prepared by Kearney based on a review of CA/CST's COR files on SharePoint and A/LM/AQM CO files.

Documentation of Site Visits

According to CA/CST officials, CORs or GTMs conducted site visits related to five of the six³¹ contracts selected for review. Although responsible officials reported that they performed these visits, the officials for the ACS, PSS, and CLASS contracts were unable to provide supporting documentation. The COR for the DEDM contract provided a summary of observations noted during one site visit, which was not included in the COR file. The COR for the ER contract

³⁰ FAR 1.602-2, "Responsibilities."

³¹ No site visits were performed related to the WSS contract.

provided PowerPoint presentations for two meetings held at the contractor's site, which were also not in the COR files.

Contractor Status Reports

CA/CST has developed a standardized format for contractors to submit monthly status information to CA/CST. The contract status report (CSR) template includes sections for the contractor to describe the contract scope, request Government action, and list outstanding invoices, as well as provide information on other direct costs, the number of prime and subcontractor fulltime equivalent employees, financial activities, the monthly budget, contract modifications, risks and issues, deliverable and milestone reporting, and key accomplishments. The CSR template requires contractors to submit a status report by the 20th of each month to the CA/CST Program Management Office Acquisition and Procurement Mailbox. CA/CST uploads and stores the status reports to a CA/CST SharePoint site. Kearney tested whether the CSRs were documented on the CA/CST SharePoint site for each contract selected and found missing status reports for each contract. Table 4 summarizes the results of Kearney's review of the CSRs.

Table 4: Missing Contract Status Reports for Selected Contracts from January 2014 to August 2016

Contract	Number of Months		Percentage of Months
	A CSR Was Required	Missing a CSR	Missing a CSR
DEDM – SAQMMA14F1031	27	7	26
ACS – SAQMMA14L0531	29	5	17
CLASS – SAQMMA12C0212	32	4	13
PSS – SAQMMA13L0327	32	4	13
ER – SAQMMA14F0945	24	3	13
WSS – SAQMMA14F3737	23	6	26

Source: Prepared by Kearney based on its review of information included in the CA/CST SharePoint sites for selected contracts and the award dates from the base contracts.

Qualifications of Contractor Employees

CORs are responsible for ensuring that services received conform to contractual requirements,³² which includes key personnel requirements. Moreover, effective oversight includes continuous monitoring of contractor qualifications. From the 6 contracts selected, Kearney reviewed the resumes for 39 individuals filling key positions to assess whether the personnel selected for those positions demonstrated the qualifications and possessed the clearances needed for the position. As shown in Table 5, Kearney found that the resumes for contractor personnel filling 4 of 39 (10 percent) key positions reviewed did not contain evidence that the individual met the requirements specified in the contract. For example, key personnel did not have required

³² 14 FAH-2 H-523, "Quality Assurance."

certifications, such as a Project Management Professional certification or IT Infrastructure Library certification. Based on follow-up inquiries with CA/CST officials, alternative documentation to support the qualifications of the four individuals was not available.

Table 5: Review of Key Personnel Resumes

Contract	Number of Resumes Reviewed	Number of Personnel That Did Not Meet Qualifications*
DEDM – SAQMMA14F1031	5	0
ACS – SAQMMA14L0531	10	0
CLASS – SAQMMA12C0212	8	2
PSS – SAQMMA13L0327	11	2
ER – SAQMMA14F0945	5	0
WSS-SAQMMA14F3737	0	0
Total	39	4

* Kearney did not perform further testing of resumes that indicated that the contractor met the qualifications.

Source: Prepared by Kearney from data provided by the Department.

In addition, Kearney found that ACS, PSS, and DEDM replaced certain key personnel during the performance period. Kearney did not find documentation in the CO or COR files indicating that the CO or COR assessed the qualifications of the individuals who were selected to replace the key personnel. A/LM/AQM officials stated that reviews of replacement selections for key personnel are performed but did not provide additional support that such reviews had been conducted for the contracts reviewed during audit fieldwork, which ended in December 2016.

Noncompliant Invoice Approvals

The FAH³³ states that “the COR is expected to advise and assist the CO in administering the business aspects of the contract by reviewing vouchers, invoices, reports, and deliverables.” The FAH further states that the CO generally authorizes the COR to independently approve invoices for payment.

CA/CST used an application called MetaStorm³⁴ for processing and documenting the review and approval of invoices. Kearney found that individuals other than the COR could approve invoices within MetaStorm. As shown in Table 6, Kearney tested a sample of 99 invoices relating to the 6

³³ 14 FAH-2 H-513 “The Contracting Officer’s Representative Role in Contract Administration.”

³⁴ According to the Department’s intranet site, “MetaStorm is Business Process Management software that helps organizations design processes for certain tasks, incorporating business rules into those processes. At the same time, it builds a web-enabled application, which tracks any item (called a folder) in its path through those processes—timing its progress (and providing metrics and auditing and an easy way to find where any item is at any point in time). Items (called folders in MetaStorm) can represent an applicant, a task, an invoice, or a request.”

contracts selected for audit and found that 84 invoices (85 percent) were not approved by the COR designated for that contract.³⁵

Table 6: Contracting Officer's Representative Approval of Selected Invoices

Contract	Number of Invoices		Percentage of Invoices
	Tested	Not Approved by COR	Not Approved by COR
DEDM – SAQMMA14F1031	12	12	100
ACS – SAQMMA14L0531	12	11	92
CLASS – SAQMMA12C0212	25	11	44
PSS – SAQMMA13L0327	30	30	100
ER – SAQMMA14F0945	12	12	100
WSS – SAQMMA14F3737	8	8	100
Total	99	84	85

Source: Prepared by Kearney based on MetaStorm approvals obtained from CA/CST.

Despite Kearney's request, CA/CST did not have invoice approval supporting documentation for 1 of the 84 invoices. The other 83 invoices were approved by an individual other than the COR. Kearney tested the 83 invoices that had been approved by officials other than the designated COR to determine whether the approving official had been trained as a COR.³⁶ An official who did not have a FAC-COR Level III training certificate approved 2 of the 83 invoices (2 percent). These two invoices were approved by an official that had previously had a FAC-COR Level II certificate, but that certificate had lapsed before the official approved the two invoices. The remaining 81 invoices were approved by officials possessing FAC-COR Level III training certificates.

Government Technical Monitor Approval Required for Enterprise Reporting Contract

Section 9.8 of the ER base contract states that "invoices shall be submitted to the GTM on a monthly basis. The GTM must approve all invoices prior to submission for payment." Kearney found that individuals other than the person acting as GTM approved all of the invoices for the ER contract.

Approval of Contract Modifications

In December 2015, CA/CST implemented a policy³⁷ that formalized the process for approving contract modifications. The policy requires a multi-tiered approval process. Once a request is

³⁵ For the purposes of this review, Kearney tested whether invoices were approved by the person CA/CST designated to be the COR, even if this person did not have a signed appointment letter. For example, as shown in Table 6, Kearney found 14 instances where the person approving the invoices for the CLASS contract had the proper training to be a COR but did not have a signed appointment letter.

³⁶ CA/CST requires CORs to have FAC-COR III level training. A FAC-COR III is required to have 60 hours of continuous learning every 2 years and at least 24 months of experience.

³⁷ "CA/CST Contract and Acquisitions Branch Executing Financial Obligations."

input into Ariba,³⁸ the IT Investment Planning and Financial Management Budget Support Lead is the first of five people who must review and approve the requisition request, followed by the IT Investment Planning and Financial Management Team Lead; the point of contact from CA's Executive Office, General Services Division; an official from CA's Executive Office, General Services Division; and finally by an official from CA's Office of the Comptroller for final approval of the requisition. After the purchase requisition approval process is complete for the modification, the purchase requisition goes to the CO to approve and process.

Kearney reviewed all 21 modifications processed after December 11, 2015, for the contracts selected to determine whether CA/CST's policy for approving modification was followed. Kearney found that 6 of 21 modifications (29 percent) did not contain all of the required CA approvals.

In addition, Kearney found two instances in which CA/CST used a contractor within CA/CST to conduct the first level review and approval³⁹ of a contract modification. This is inconsistent with the FAH, which states that "nonpersonal services contractors may not be tasked with...administering contracts (including ordering changes in contract performance or contract quantities...)...[or] determining whether contract costs are reasonable, allocable, and allowable."⁴⁰ The remaining four levels of review and approval in Ariba were performed by Federal officials. CA/CST officials stated that contractors are no longer allowed to approve modifications in Ariba, and Kearney confirmed that contractors did not appear in the approval chain for the more recent modifications reviewed.

Actions to Address Contractor Non-Compliance

According to the Foreign Affairs Manual (FAM),⁴¹ "contract administration involves ensuring that both the contractor and the U.S. Government fulfill their mutual obligations as set forth in the contract." The FAR⁴² states, "contracting offices are responsible for...ensuring that nonconformances are identified, and establishing the significance of a nonconformance when considering the acceptability of supplies or services which do not meet contract requirements." The FAM⁴³ further states that "the COR and GTM may assist the contracting officer in ensuring that the contractor complies with all terms and conditions of the contract, including the delivery and quality conditions specified in the contract."

³⁸ The Department uses Ariba, the procurement module of the Integrated Logistics Management System, to allow employees to request goods and services electronically. The requests are submitted and routed to the appropriate groups for approval.

³⁹ The approval in Ariba was for the IT Investment Planning and Financial Management Budget Support Lead, the first of the five required approvals.

⁴⁰ 14 FAH-2 H-115, "Use of Contractor Support."

⁴¹ 14 FAM 222, "Contract Administration."

⁴² FAR 46.103, "Contracting Office Responsibilities."

⁴³ 14 FAM 222, "Contract Administration."

CA/CST officials stated that CORs or GTMs had identified significant contractor performance issues with two of the six contracts included in the audit. Kearney found that CA/CST and A/LM/AQM took action to address these concerns. In response to one situation, CA/CST issued a cure notice⁴⁴ informing the contractor that the Government considered its performance unsatisfactory due to failures in technical areas, unclear reporting, and the lack of an executable deployment plan. Although the contractor stated that it disagreed, the contractor nonetheless took actions to address the issues, including making technical improvements. As a result of these improvements, CA/CST requested that A/LM/AQM close the cure notice. For the other situation identified by CA/CST officials, the GTM discussed deficiencies with the contractor, and the contractor took actions to address the issues identified.

Lack of Policies and Procedures and Inadequate Oversight

The instances of noncompliance with Federal and Department guidelines noted during the audit occurred, in part, because CA/CST did not have sufficient internal policies and procedures for contract administration. In addition, CA/CST management and A/LM/AQM COs did not sufficiently oversee CORs and GTMs or communicate roles and responsibilities.

Insufficient Internal Policies and Procedures for Contracting Officer's Representatives

According to the Government Accountability Office (GAO),⁴⁵ "management should implement control activities through policies." The policies should document "control activity design, implementation, and operating effectiveness." In addition, organizations can "further define policies through day-to-day procedures." GAO guidance also states that management "communicates to personnel the policies and procedures so that personnel can implement the control activities for their assigned responsibilities." One reason that CA/CST CORs did not sufficiently administer contracts was because CA/CST did not have adequate internal policies and procedures. For example, CA/CST created a SharePoint site for CORs to maintain required contract documentation; however, Kearney found that CORs were not fully or consistently using that site because CA/CST did not provide clear guidelines on what documentation CORs are required to maintain there. Kearney also noted that information stored on SharePoint was not always named or organized consistently because of the lack of guidance on how to do so.

Kearney found that all of the contracts selected for audit had at least one COR rotation during the audit scope period; however, CA/CST did not have sufficient internal guidance explaining how a departing COR should transfer supporting documentation to a replacement COR or providing timeframes for doing so. Furthermore, CA/CST did not develop internal guidance requiring new CORs to verify the completeness of the COR files or to ensure that required

⁴⁴ According to FAR 49.607, "Delinquency notices," if a "contract is to be terminated for default before the delivery date, a 'Cure Notice' is required by the Default clause."

⁴⁵ GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

documentation was included in the COR SharePoint file.⁴⁶ Also, COs did not verify that the files were complete.

CA/CST also did not have internal policies and procedures explaining how CORs should validate contractors' key personnel. While Department guidance⁴⁷ contains requirements for reviewing invoices based on the type of expense contained in the invoice, some CA/CST CORs and GTMs were unaware of the requirement to validate contractor qualifications against the labor categories specified in contracts.

Furthermore, CA/CST had not implemented internal policies and procedures as to how to review contractors' invoices. CA/CST had developed a procedure related to reviewing invoices, "Invoice Approval Process: Guidance for GTMs" dated March 22, 2016, which contained a diagram of the process for invoice review, defined roles and responsibilities within the approval process, and contained step-by-step instructions on approving invoices within MetaStorm. However, this guidance had not been implemented as of January 2017.

Kearney also found that CA/CST did not provide its CORs and GTMs with specific training on internal policies and procedures for administering contracts. Effective training programs are critical to ensuring the success of a manual process that relies on the participation of many individuals.

Insufficient Management Oversight

According to GAO,⁴⁸ management should monitor internal controls "as part of the normal course of operations." Ongoing monitoring should be "built into the entity's operations, performed continually, and responsive to change." Kearney found that CA/CST management and A/LM/AQM COs did not sufficiently oversee the CORs and GTMs to ensure that they complied with Federal guidelines and Department policies on administering contracts. For example, even though CA/CST management and A/LM/AQM COs were aware of significant turnover for COR and GTM positions, management did not review the status of the SharePoint COR files to ensure that they included required documents. Moreover, CA/CST management had no process in place to identify CORs or GTMs who acted without designated authority from the CO.

⁴⁶ PIB 2014-10, "Contract Files and COR File Checklist," states that it will be presumed that the current CO or COR is responsible for the condition of files unless prior deficiencies have been noted.

⁴⁷ According to 14 FAH-22 H-522.10, "Reviewing Invoices," it is the COR's responsibility to review invoices to ensure contractors comply with specified contractual obligations. In addition, 14 FAH-2 H-522.12, "Contractor Personnel Assignments," notes that to assure that the work is performed by personnel with the qualifications needed to assure satisfactory quality, some Department contracts for professional services contain a key personnel clause. For the Department to benefit from such clauses, the COR must maintain contact with the key personnel and understand the work that they are performing. This enables the COR to confirm that key personnel continue to supply the requested work and that they are performing appropriately.

⁴⁸ GAO-14-704G.

GAO also requires that management communicate sufficient information to allow “personnel to perform key roles in achieving objectives...and supporting the internal control system. In these communications, management assigns the internal control responsibilities for key roles.”⁴⁹ Kearney found that CA/CST management did not communicate such information regarding roles and responsibilities to new CORs and GTMs. Although CA/CST uploaded to each contact’s Sharepoint site a document containing details on COR and GTM responsibilities, the new CORs and GTMs were generally unaware of this document. According to a CA/CST official, new CORs and GTMs received no formal communication about their roles and responsibilities.

Insufficient Administration of Contracts Led to Questioned Costs

Because CA/CST did not sufficiently monitor the contracts, Kearney questioned costs of approximately \$28.4 million, consisting of unsupported⁵⁰ costs totaling \$25.3 million and unallowable⁵¹ costs totaling \$3.1 million. To test whether costs were supported and allowable, Kearney sampled 99 of 205 invoices (48 percent), which totaled \$74.1 million of \$92.7 million (80 percent) in T&M, Labor Hours, and FFP expenses for the 6 contracts selected for testing. Kearney identified exceptions with 58 of the 99 invoices tested (59 percent). The nature of the unallowable and unsupported amounts are summarized by contract. Appendix B includes detailed invoice testing results.

Data Engineering and Data Management Contract

The performance work statement for the DEDM contract (SAQMMA14F1031) required the contractor to provide individual employee timesheets, which were billed directly to the contract, to document the number of hours worked by each employee during the invoice period. According to the work statement, the timesheets should have been signed by the employee as well as a Bureau of Diplomatic Security representative. Kearney found that the contractor did not provide signed timesheets for any of the 12 reviewed invoices related to this contract. The total amount paid for the salaries in the reviewed invoices was approximately \$16 million, all of which is considered unsupported.

Kearney also identified another unspecified charge of \$222,546 that was included in an invoice. CA/CST was unable to explain the charge or provide any support for the vendor’s billing. CA/CST

⁴⁹ Ibid.

⁵⁰ According to FAR 52.232-7, “Payments under Time-and-Materials and Labor-Hour Contracts,” in order for T&M billings to be supported, a contractor must substantiate the hours billed with timekeeping records and that billed amounts are calculated by multiplying the hourly rate approved for use in the contract for the stated labor category by the number of direct labor hours worked in that category.

⁵¹ According to FAR 31.201-2, “Determining allowability,” a cost is allowable only when it complies with the terms of the contract. It further states that “[a] contractor is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, are allocable to the contract, and comply with applicable cost principles in this subpart and agency supplements.”

officials later indicated that the amount was an error that required further research. Kearney questions the allowability of the \$222,546 erroneously billed.⁵²

American Citizen Services Support Contract

The performance work statement for the ACS Support contract (SAQMMA14L0531) required the contractor to provide timesheets for T&M activities. These timesheets were required to document the number of hours worked by each employee during the invoice period. CA/CST did not provide Kearney with timesheets for any of the 10 T&M invoices reviewed. The total amount paid for salaries in the reviewed invoices was approximately \$8.9 million, which is considered an unsupported cost. Kearney reviewed timesheets for the remaining two FFP invoices reviewed and did not identify any issues with the invoices.

Consular Lookout and Support System Contract

According to a CA/CST official, 1 of the 25 selected invoices for this CLASS contract (SAQMMA12C0212) was erroneously approved but should have been rejected, resulting in \$657,079 in unallowable costs. The official stated that CA/CST is working to obtain a credit from the vendor for the overpayment.

In addition, Kearney found that two of the employee salaries billed to this contract did not have required professional certifications. Specifically, the contract required that the Lead Development Manager have Project Management Professional and IT Infrastructure Library certifications. The employee's resume did not list these certifications, and a CA/CST official confirmed that the individual did not have the required certifications. As a result, Kearney questions the allowability of \$42,261 in salary payments for this individual. In addition, the contract required that the Program Manager have a Project Management Professional certification. The employee's resume did not list this certification. Although a CA/CST official asserted that the individual did have the required certification, the official was unable to provide supporting documentation. As a result, Kearney questions the allowability of \$430,053 in salary payments for this individual.

Passport Support Services

CLINs⁵³ are established to provide limits on the types of charges that a contractor may incur. Kearney found that the vendor for the PSS contract (SAQMMA13L0327) charged \$1,826,886 in costs for sub-CLINs that were not included in the contract at the time the invoices were submitted. CA/CST modified the contract to include these sub-CLINs; however, because the modification was implemented after the charges were made, Kearney questions the allowability of these costs. Similarly, the vendor submitted an invoice on April 24, 2014, that included \$108,489 in costs for CLINs that were not approved until June 24, 2016; therefore, Kearney also questions the allowability of these costs.

⁵² Kearney also questioned the allowability of \$75 in travel expenses that were invoiced.

⁵³ CLINs can be further broken down into sub-CLINs.

In addition, two employees billed to this contract did not appear to have the required professional certifications. Specifically, the contract required that the Systems Architect have a Master's degree and that the Configuration Manager have a degree within the computer science field. The resume for the individual functioning as the Systems Architect did not indicate that he held a master's degree, and CA/CST was unable to verify that the individual had this qualification. As a result, Kearney questions the allowability of \$200,338 in salary payments to this individual. In addition, a review of the Configuration Manager's resume did not reflect that the individual in that position had the required degree, and CA/CST was unable to verify that individual in fact did so. The Configuration Manager position was related to an FFP CLIN and so Kearney was unable to calculate the potentially unallowable cost.

Recommendation 1: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement internal policies and procedures governing contract administration. At a minimum, the policies and procedures should include guidance detailing the required use of SharePoint for Contracting Officer's Representative files, such as the type and extent of documentation to maintain, expected timelines for adding documents, and standardized methods for organizing and naming documents. The policy should also include guidance on (1) transferring data to new Contracting Officer's Representatives or Government Task Monitors, (2) validating key personnel identified in contracts and taking action when a contractor does not comply with key personnel requirements, and (3) reviewing and approving invoices. These policies and procedures should be implemented by the end of FY 2018.

Management Response: CA concurred with the recommendation, stating that CA/CST is in the process of refreshing contract policies and developing a schedule for policy updates, a phased approach with an anticipated completion date of the second quarter of FY 2018. CA/CST is ensuring that new CORs and GTMs are aware of current and future COR repositories. CA stated that CA/CST participated in training provided by A/LM/AQM and the Bureau of Administration, Office of the Procurement Executive, to standardize, centralize, and maintain COR files. In addition, CA stated CA/CST will work with CA's Office of the Comptroller to implement roles and responsibilities into the business process supporting MetaStorm, which is used to manage the CA's invoice process. Further, CA stated routing invoices through MetaStorm will be changed to ensure that designated CORs are the ones approving invoices.

OIG Reply: OIG considers this recommendation resolved, pending further action. The recommendation will be closed when OIG receives and accepts documentation demonstrating that CA/CST has developed and implemented policies and procedures governing contract administration and implemented roles and responsibilities into the business process supporting MetaStorm, including that designated CORs are the individuals approving invoices in MetaStorm.

Recommendation 2: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement training for Contracting Officer's Representatives and Government Technical Monitors that identifies the requirements for reviewing various types of invoices, including a requirement to confirm that contractors meet the labor category requirements specified in the contracts.

Management Response: CA concurred with the recommendation, stating that CA/CST continuously reviews Foreign Service Institute and other online training relevant to invoice review and certification and will ensure CORs and GTMs take the relevant training before the beginning of FY 2018.

OIG Reply: OIG considers the recommendation resolved, pending further action. The recommendation will be closed when OIG receives and accepts documentation demonstrating that CORs and GTMs within CA/CST have completed training related to reviewing invoices.

Recommendation 3: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement a formal process to monitor Contracting Officer's Representatives and Government Task Monitors who are administering contracts. At a minimum, this process should include steps to assess files in SharePoint to ensure that required documents are included and to ensure that all Contracting Officer's Representatives and Government Task Monitors are formally designated by the Contracting Officer.

Management Response: CA concurred with the recommendation, stating that CA/CST is able to track information related to designated CORs and GTMs and on specific contracts. The process of tracking information will also include ensuring that designated CORs and GTMs participate in training specifically related to contract files. This effort will be supplemented with a requirement for CORs and GTMs to use the Bureau of Administration, Office of the Procurement Executive's, COR checklist. This checklist will be maintained in each contract file in current and future COR repositories. CA/CST will ensure CORs and GTMs populate the checklist as documents are uploaded to the repository. CA/CST anticipates implementing this process by the second quarter of FY 2018. CA stated that CA/CST has already made progress in this effort by conveying the status of COR and GTM compliance during CA/CST's leadership weekly status meetings. CA also stated that CA/CST, in conjunction with the Office of the Comptroller, will make use of the Contract Information Management System to track and monitor COR and GTM certifications.

OIG Reply: OIG considers the recommendation resolved, pending further action. The recommendation will be closed when OIG receives and accepts documentation demonstrating that CA/CST has developed and implemented a formal process to monitor CORs and GTMs who are administering contracts, including ensuring that required documents are included in COR files and ensuring that CORs and GTMs are formally designated.

Recommendation 4: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement a process to communicate information on roles and responsibilities to new Contracting Officer's Representatives and Government Task Monitors.

Management Response: CA concurred with the recommendation, stating that CA/CST will coordinate with A/LM/AQM and the Office of the Comptroller to review and refresh roles and responsibilities. CA/CST will use the SharePoint site that houses COR and GTM resources for all procurement activities to provide guidance to CORs and GTMs. Additionally, CA/CST will work with the Office of the Comptroller to provide COR and GTM awareness training.

OIG Reply: OIG considers the recommendation resolved, pending further action. The recommendation will be closed when OIG receives and accepts documentation demonstrating that CA/CST has developed and implemented a process to communicate information on roles and responsibilities to new CORs and GTMs.

Recommendation 5: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$16,227,210 in questioned costs (consisting of \$222,621 in unallowable costs and \$16,004,589 in unsupported costs as listed in Table B.1 of Appendix B) identified during the review of invoices for the Data Engineering Data Management contract (SAQMMA14F1031) are allowable and supported, and (b) recover any costs determined to be unallowable or unsupported.

Management Response: CA concurred with the recommendation, stating that CA/CST will research the questioned costs to determine if costs are allowable. If CA/CST determines any unallowable amounts were paid, it will work with A/LM/AQM to recover them.

OIG Reply: OIG considers the recommendation resolved, pending further action. The recommendation will be closed when OIG receives and accepts documentation demonstrating that CA/CST identified and took appropriate action to recover all costs that were disallowed.

Recommendation 6: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$8,860,952 in questioned costs (all of which was considered unsupported as listed in Table B.2 of Appendix B) identified during the review of invoices for the American Citizen Services Support contract (SAQMMA14L0531) are supported, and (b) recover any costs determined to be unsupported.

Management Response: CA concurred with the recommendation, stating that CA/CST will research the questioned costs to determine if costs are allowable. If CA/CST determines any unallowable amounts were paid, it will work with A/LM/AQM to recover them.

OIG Reply: OIG considers the recommendation resolved, pending further action. The recommendation will be closed when OIG receives and accepts documentation

demonstrating that CA/CST identified and took appropriate action to recover all costs that were disallowed.

Recommendation 7: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$1,129,393 in questioned costs (consisting of \$699,340 in unallowable costs and \$430,053 in unsupported costs as listed in Table B.3 of Appendix B) identified during the review of invoices for the Consular Lookout and Support System contract (SAQMMA12C0212) are allowable and supported, and (b) recover any costs determined to be unallowable or unsupported.

Management Response: CA concurred with the recommendation, stating that CA/CST will research the questioned costs to determine if costs are allowable. If CA/CST determines any unallowable amounts were paid, it will work with A/LM/AQM to recover them.

OIG Reply: OIG considers the recommendation resolved, pending further action. The recommendation will be closed when OIG receives and accepts documentation demonstrating that CA/CST identified and took appropriate action to recover all costs that were disallowed.

Recommendation 8: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$2,135,713 in questioned costs (all of which was considered unallowable as listed in Table B.4 of Appendix B) identified during the review of invoices for the Passport Support Services contract (SAQMMA13L0327) are allowable, and (b) recover any costs determined to be unallowable.

Management Response: CA concurred with the recommendation, stating that CA/CST will research the questioned costs to determine if costs are allowable. If CA/CST determines any unallowable amounts were paid, it will work with A/LM/AQM to recover them.

OIG Reply: OIG considers the recommendation resolved, pending further action. The recommendation will be closed when OIG receives and accepts documentation demonstrating that CA/CST identified and took appropriate action to recover all costs that were disallowed.

Recommendation 9: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) conduct a review to determine whether contractor personnel under the firm fixed price component of the Passport Support Services contract (SAQMMA13L0327) meet the education and certification requirements of the contract, (b) perform an analysis to determine the dollar-value of any payments made to the contractor for work performed by personnel deemed unqualified according to the contract requirements, and (c) recover any costs determined to be unallowable.

Management Response: CA did not concur with the recommendation, stating that the requirement for this position states "Two additional years of general experience may be substituted in lieu of a degree or college-level course work." CA stated that CA/CST reviewed

the resumes of the Configuration Manager and Systems Architect and determined both met the requirement. Their respective resumes demonstrate that the Configuration Manager has at least 6 years of relevant experience out of the contract and 3 additional years of experience on the contract and the Systems Architect has more than 30 years of relevant experience.

OIG Reply: Although CA did not concur with this recommendation, it took action to review the resumes of the Configuration Manager and the Systems Architect and determined that both met the contract requirements because their resumes demonstrated the requisite experience. Because this action fulfilled the underlying intent of the recommendation, OIG considers the recommendation closed and no further action is required.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement internal policies and procedures governing contract administration. At a minimum, the policies and procedures should include guidance detailing the required use of SharePoint for Contracting Officer's Representative files, such as the type and extent of documentation to maintain, expected timelines for adding documents, and standardized methods for organizing and naming documents. The policy should also include guidance on (1) transferring data to new Contracting Officer's Representatives or Government Task Monitors, (2) validating key personnel identified in contracts and taking action when a contractor does not comply with key personnel requirements, and (3) reviewing and approving invoices. These policies and procedures should be implemented by the end of FY 2018.

Recommendation 2: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement training for Contracting Officer's Representatives and Government Technical Monitors that identifies the requirements for reviewing various types of invoices, including a requirement to confirm that contractors meet the labor category requirements specified in the contracts.

Recommendation 3: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement a formal process to monitor Contracting Officer's Representatives and Government Task Monitors who are administering contracts. At a minimum, this process should include steps to assess files in SharePoint to ensure that required documents are included and to ensure that all Contracting Officer's Representatives and Government Task Monitors are formally designated by the Contracting Officer.

Recommendation 4: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement a process to communicate information on roles and responsibilities to new Contracting Officer's Representatives and Government Task Monitors.

Recommendation 5: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$16,227,210 in questioned costs (consisting of \$222,621 in unallowable costs and \$16,004,589 in unsupported costs as listed in Table B.1 of Appendix B) identified during the review of invoices for the Data Engineering Data Management contract (SAQMMA14F1031) are allowable and supported, and (b) recover any costs determined to be unallowable or unsupported.

Recommendation 6: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$8,860,952 in questioned costs (all of which was considered unsupported as listed in Table B.2 of Appendix B) identified during the review of invoices for the American Citizen Services Support contract (SAQMMA14L0531) are supported, and (b) recover any costs determined to be unsupported.

Recommendation 7: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$1,129,393 in questioned costs (consisting of \$699,340 in unallowable costs and \$430,053 in unsupported costs as listed in Table B.3 of Appendix B) identified during the review of invoices for the Consular Lookout and Support System contract (SAQMMA12C0212) are allowable and supported, and (b) recover any costs determined to be unallowable or unsupported.

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Recommendation 9: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) conduct a review to determine whether contractor personnel under the firm fixed price component of the Passport Support Services contract (SAQMMA13L0327) meet the education and certification requirements of the contract, (b) perform an analysis to determine the dollar-value of any payments made to the contractor for work performed by personnel deemed unqualified according to the contract requirements, and (c) recover any costs determined to be unallowable.

APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

The Office of Inspector General (OIG) for the Department of State (Department) initiated this performance audit to determine whether the Bureau of Consular Affairs, Office of Consular Systems and Technology (CA/CST) administered information technology (IT) contracts in accordance with applicable Federal and Department procurement guidelines. An external audit firm, Kearney & Company P.C. (Kearney), acting on behalf of the OIG, performed this audit.

Kearney conducted fieldwork for this performance audit from March 2016 to January 2017 in the Washington, D.C., metropolitan area. The scope of the audit was limited to activities related to six of CA/CST's highest dollar-value contracts¹ from January 2014 to March 2016.² The audit was conducted in accordance with the Government Accountability Office's Government Auditing Standards, 2011 revision. Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate audit evidence to provide a reasonable basis for findings and conclusions based on the audit objective. Kearney believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit evidence.

To obtain background information for this audit, Kearney researched and reviewed the Department's Foreign Affairs Handbook and Foreign Affairs Manual, as well as the Federal Acquisition Regulation. Kearney also reviewed 40 U.S. Code §11302³; Office of Management and Budget Circular A-109, "Major Systems Acquisitions"; and Circular A-130, "Management of Federal Information Resources;" the Department's Procurement Information Bulletin 2014-10;⁴ and the terms and conditions of each of the six CA/CST contracts tested as part of this audit.

Kearney met with officials from the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management to gain an understanding of their responsibilities over the contract administration process. Kearney also met with CA/CST officials, including Contracting Officer's Representatives (COR) and Government Task Monitors (GTM) for the contracts audited, to understand the processes, policies, and procedures related to CA/CST's contract administration functions.

Kearney used a risk-based approach to review contract administration. Kearney identified risks associated with the audit objective to assess whether CA/CST properly designed mitigating controls to ensure that contracts are administered in accordance with applicable guidelines. To

¹ The six contracts, as further detailed in the Background section of this report, are Data Engineering and Data Management, American Citizen Services Support, Consular Lookout and Support System, Passport Support Services, Enterprise Reporting, and Web Support Services.

² The scope of work as specified by OIG's Statement of Work was January 2014 to "present." For the purposes of the majority of audit procedures, this period was through March 2016. However, in some cases, Kearney assessed CA's files, processes, and documentation through the time that the audit procedure took place, which could be as late as November 2016.

³ 40 U.S. Code § 11302, "Capital Planning and Investment Control."

⁴ Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" was issued May 7, 2014, and updated June 4, 2015.

assess the design of these controls, Kearney met with management officials from CA/CST and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, as well as CORs and GTMs for the associated contracts, and obtained relevant supporting documentation. Kearney designed and performed procedures to test and verify that the Contracting Officer and COR files were complete, as well as to test whether contractor billings were supported and allowable. This included a review of invoices for the selected IT contracts to determine whether they were allowable in accordance with the terms and conditions of the contracts.

Prior OIG Reports

In 2011, OIG issued an inspection report of CA/CST⁵ that identified issues concerning the relationship between CA/CST and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management and recommended that CA/CST gain contract oversight expertise within its office. Additionally, the report raised concerns about changes made to contracts without official modifications, lack of documentation concerning personnel designations, and certain instances of ineffective COR oversight of contracts. The report stated that CA/CST should work to correct these issues in a strategic fashion to meet the office's future needs.

Work Related to Internal Controls

Kearney performed steps to assess the adequacy of the internal controls related to the audit objectives. Kearney gained an understanding of controls relating to contract administration and invoice processing. Kearney also tested controls intended to ensure that contract administration functions were properly performed according to procurement guidelines and to ensure that time and materials and firm fixed price expenses (included in invoices for the select IT contracts) were allowable and supported in accordance with the terms and conditions of the contract. Weaknesses in internal controls that were identified during the audit are detailed in the "Audit Results" section of the report.

Use of Computer-Processed Data

Kearney used computer-processed data from the Department during this audit. To assist in identifying and selecting a sample of invoice expenses for testing, Kearney obtained reports that detailed Department expenditures from January 1, 2014, through March 31, 2016, from the Global Financial Management System, which is the Department's official accounting system. During the annual financial statement audits, Kearney performed procedures to evaluate the accuracy and completeness of the expenditure reports obtained from the Department. Kearney concluded that the listings were sufficiently reliable for sample selection purposes for this audit.

⁵ OIG, *The Bureau of Consular Affairs, Office of Consular Systems and Technology* (ISP-I-11-51, May 2011).

Detailed Sampling Methodology

Kearney selected a sample of invoices from the six audited contracts to determine whether invoiced expenses were supported and allowable. To determine the universe of invoice expenses related to each of the six selected IT contracts, Kearney first obtained the universe of all expenditures made by the Department during the scope period.

Universe of Invoices

Kearney performed a number of steps to create the initial universe of invoices for the six contracts under audit during the period covered by the scope. First, Kearney obtained general ledger detail of all expenditures for FY 2014, FY 2015, and the first two quarters of FY 2016 from the Global Financial Management System. Kearney used IDEA audit software⁶ to extract the expenditures of the six contracts under audit, using the contract numbers to arrive at the initial universe.

Next, Kearney removed certain transactions from the original universe. Kearney first removed all expenditure transactions from the first quarter of FY 2014 (October through December 2013) to narrow the universe down to expenditures from January 2014 through March 2016, according to the audit scope. Kearney then excluded no-cost transactions that net to zero⁷ and collections.⁸ After exclusions were made, the remaining list of invoices represent the final universe, as shown in Table A.1.

⁶ IDEA® is an Audimation Services, Inc., computer program used to analyze data and, based upon the parameters input by the user, select and evaluate the results of audit samples.

⁷ There are scenarios in which a transaction is entered into the Global Financial Management System with an incorrect attribute. To correct this, a transaction is processed in Global Financial Management System to reverse the balance of the original transaction. In addition, a new transaction is processed in Global Financial Management System with the correct attributes. To prevent such occurrences from being over-represented in the sampling population, transactions that net to zero (the original transaction and the reversal of the original transaction) are removed from the sampling population. In this scenario, the transaction that was reentered will remain in the sampling population.

⁸ Collections of funds from the contractor are usually due to invoice corrections that result in the contractor issuing a refund to the Department. These transactions are reflected in the Global Financial Management System as negative expenditures.

Table A.1: Universe of Invoices for Selected Contracts, January 2015 Through March 2016

Contract	Total Invoices	Amount
Data Engineering and Data Management – SAQMMA14F1031	32	\$20,089,758
American Citizen Services Support – SAQMMA14L0531	32	\$12,665,653
Consular Lookout and Support System – SAQMMA12C0212	57	\$18,472,537
Passport Support Services – SAQMMA13L0327	50	\$25,454,552
Enterprise Reporting – SAQMMA14F0945	18	\$10,333,253
Web Support Services – SAQMMA14F3737	16	\$5,710,319
Total	205	\$92,726,072

Source: Prepared by Kearney based on Global Financial Management System data.

Invoice Sample Selection

Using the final universe of invoices within the scope period for each of the six audited contracts, Kearney selected a judgmental sample⁹ of invoices (including labor hours, time and materials, and firm fixed price invoices) for the six contracts. Kearney aimed to maximize the dollar-value coverage of the sample, while minimizing the number of invoices tested. Kearney sorted each contract's invoice universe by dollar-value and selected a sample of the highest dollar-value invoices to cover approximately 80 percent of the total universe value. As shown in Table A.2, the combined testing sample (across all 6 contracts) consisted of 99 invoices, or 48 percent of the invoice universe, while covering 80 percent of the dollar-value of the universe.

⁹ Judgmental sampling is a non-statistical sampling technique where the auditor selects transactions to be sampled based on their knowledge and professional judgment.

Table A.2: Sampling Summary

Contract	Sample Size	Dollar Value		Percentage of Universe
		of Sample	of Universe	
Data Engineering and Data Management – SAQMMA14F1031	12	\$16,227,213	\$20,089,758	81
American Citizen Services Support – SAQMMA14L0531	12	\$10,193,115	\$12,665,653	80
Consular Lookout and Support System – SAQMMA12C0212	25	\$15,403,424	\$18,472,537	83
Passport Support Services – SAQMMA13L0327	30	\$19,657,042	\$25,454,552	77
Enterprise Reporting – SAQMMA14F0945	12	\$8,148,851	\$10,333,253	79
Web Support Services – SAQMMA14F3737	8	\$4,514,811	\$5,710,319	79
Total	99	\$74,144,456	\$92,726,072	80

Source: Prepared by Kearney based on sample selection.

Testing of Invoices

Kearney tested invoices to determine whether costs were supported and allowable or if funds could have been used by CA/CST for other purposes. For each invoice selected as part of the sample, Kearney requested documentation from CA/CST that supported the amounts billed by the contractors. For time and material and labor hour invoice charges, Kearney requested time and attendance records or support for materials purchased by the contractor. For firm fixed price invoice charges, Kearney reviewed the contract and relevant modifications to ensure that the contractor's billing was consistent with the contract language. The results of our invoice testing are included in the Audit Results section and Appendix B of this report.

APPENDIX B: QUESTIONED COSTS IDENTIFIED DURING THE AUDIT

Tables B.1 through B.5 provide details on the questioned costs identified by Kearney & Company P.C. (Kearney) during invoice testing.

Table B.1: Unsupported and Unallowable Costs for Data Engineering and Data Management Contract – SAQMMA14F1031

Invoice Number	Unsupported Costs	Unallowable Costs	Total Questioned Cost
INV-0000022368	\$1,629,194	\$222,546	\$1,851,740
INV-0000020211	\$1,752,916	\$0	\$1,752,916
INV-0000022370	\$1,625,102	\$0	\$1,625,102
INV-0000022895	\$1,555,909	\$75	\$1,555,984
INV-0000019414R2	\$1,457,861	\$0	\$1,457,861
INV-0000019399	\$1,298,220	\$0	\$1,298,220
INV-0000020616	\$1,224,419	\$0	\$1,224,419
INV-0000020616	\$1,218,954	\$0	\$1,218,954
INV-0000019355R2	\$1,163,389	\$0	\$1,163,389
INV-0000019368	\$1,140,568	\$0	\$1,140,568
INV-0000019358	\$1,053,036	\$0	\$1,053,036
INV-0000019382R2	\$885,021	\$0	\$885,021
Total	\$16,004,589	\$222,621	\$16,227,210

Source: Prepared by Kearney based on results of testing a sample of invoices.

Table B.2: Unsupported and Unallowable Costs for American Citizen Services Support Contract – SAQMMA14L0531

Invoice Number	Unsupported Costs	Unallowable Costs	Total Questioned Cost
INV-9000049338R	\$1,805,508	\$0	\$1,805,508
INV-9000036467R	\$1,219,123	\$0	\$1,219,123
INV-9000057134	\$952,216	\$0	\$952,216
INV-9000050872R	\$884,186	\$0	\$884,186
INV-9000039086	\$851,736	\$0	\$851,736
INV-9000054801	\$775,933	\$0	\$775,933
INV-9000051931R	\$723,412	\$0	\$723,412
8002299897	\$707,367	\$0	\$707,367
8002262340R	\$556,560	\$0	\$556,560
8002248297R	\$384,911	\$0	\$384,911
Total	\$8,860,952	\$0	\$8,860,952

Source: Prepared by Kearney based on results of testing a sample of invoices.

Table B.3: Unsupported and Unallowable Costs for Consular Lookout and Support System Contract – SAQMMA12C0212

Invoice Number	Unsupported Costs	Unallowable Costs	Total Questioned Cost
INV-0004003935	\$17,592	\$0	\$17,592
INV-0004064955	\$19,473	\$0	\$19,473
INV-0004160013	\$18,664	\$0	\$18,664
INV-0003937157	\$18,908	\$0	\$18,908
INV-0004082792	\$17,924	\$0	\$17,924
INV-0004048080	\$19,473	\$0	\$19,473
INV-0004146988	\$0	\$657,079	\$657,079
INV-0004146988R	\$18,329	\$0	\$18,329
INV-0004037534	\$18,565	\$0	\$18,565
INV-0004117495RA	\$18,552	\$0	\$18,552
INV-0004186395	\$19,670	\$0	\$19,670
INV-0003968935	\$18,101	\$0	\$18,101
INV-0004164707	\$18,329	\$0	\$18,329
INV-0004241228	\$19,446	\$0	\$19,446
INV-0004297684R	\$17,758	\$0	\$17,758
INV-0004023725	\$16,596	\$0	\$16,596
INV-0003944140	\$16,485	\$0	\$16,485
INV-0004316960R	\$18,428	\$0	\$18,428
INV-0004359917	\$19,074	\$21,933	\$41,007
INV-0004151367	\$16,932	\$0	\$16,932
INV-0004173493	\$16,988	\$0	\$16,988
INV-0004381460	\$16,307	\$20,328	\$36,635
INV-0004073680C	\$17,808	\$0	\$17,808
INV-0004355362	\$16,080	\$0	\$16,080
INV-0004099902	\$14,571	\$0	\$14,571
Total	\$430,053	\$699,340	\$1,129,393

Source: Prepared by Kearney based on results of testing a sample of invoices.

**Table B.4: Unsupported and Unallowable Costs for Passport Support Services
Contract – SAQMMA13L0327**

Invoice Number	Unsupported Costs	Unallowable Costs	Total Questioned Cost
003069270104	\$0	\$198,632	\$198,632
003069270109	\$0	\$259,033	\$259,033
003069270107	\$0	\$234,445	\$234,445
003069270108	\$0	\$180,763	\$180,763
003069270106	\$0	\$299,618.	\$299,618
003069270112	\$0	\$402,900	\$402,900
003069270110	\$0	\$168,497	\$168,497
003069270111	\$0	\$153,285	\$153,285
003069270102	\$0	\$111,237	\$111,237
003069270012	\$0	\$18,814	\$18,814
003069270101	\$0	\$108,489	\$108,489
Total	\$0	\$2,135,713	\$2,135,713

Source: Prepared by Kearney based on results of testing a sample of invoices.

APPENDIX C: BUREAU OF CONSULAR AFFAIRS RESPONSE



United States Department of State

Washington, D.C. 20520

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April 26, 2017

INFORMATION MEMO FOR INSPECTOR GENERAL LINICK

FROM: CA – David T. Donahue, Acting 

SUBJECT: (U) OIG Draft Report on Audit of the Bureau of Consular Affairs, Office of Consular Systems and Technology, Administration of Selected Information Technology Contracts

(U) Thank you for the opportunity to review the draft report prepared by Kearney & Company P.C. under the direction of the Office of the Inspector General (OIG). CA submits suggested edits to the Draft Report (Tab 1). CA made all suggested language edits using Track Changes. CA also submits the below responses to each of the nine recommendations.

Recommendation 1: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement internal policies and procedures governing contract administration. At a minimum, the policies and procedures should include guidance detailing the required use of SharePoint for Contracting Officer's Representative files, such as the type and extent of documentation to maintain, expected timelines for adding documents, and standardized methods for organizing and naming documents. The policy should also include guidance on (1) transferring data to a new Contracting Officer's Representatives or Government Task Monitors, (2) validating key personnel identified in contracts and taking action when a contractor does not comply with key personnel requirements, and (3) reviewing and approving invoices. These policies and procedures should be implemented by the end of FY 2018.

CA Response: We concur with this recommendation. The Bureau of Consular Affairs, Office of Consular Systems and Technology (CA/CST) is in the process of refreshing governing contract policies and developing a schedule for policy updates, a phased approach with an anticipated completion date of Quarter 2(Q) Fiscal Year(FY) 2018. CA/CST is ensuring that new Contracting Officer's Representatives (CORs) and Government Task Monitors (GTMs) are aware of the current and future COR repositories. CA/CST has proactively participated in training provided by A/LM/AQM and the Office of the Procurement Executive (A/OPE) to standardize, centralize, and maintain COR files. AQM Memorandum 17-04 issued on February 1, 2017 states, "all AQM [COs] must complete mandatory eFiling training and use eFiling for all new procurements, by May 1st 2017...[and] eFiling will serve as the official system of record for all new awards...". CA/CST will coordinate with AQM and CA/C to review and refresh roles and responsibilities into the business process supporting Metastorm, which is used to manage the Bureau's invoice process. Routing invoices through Metastorm will be changed to ensure that designated CORs are the ones approving invoices.

Recommendation 2: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement training for Contracting Officer's

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Representatives and Government Technical Monitors that identifies the requirements for reviewing various types of invoices, including a requirement to confirm that contractors meet the labor category requirements specified in the contracts.

CA Response: We concur with this recommendation. CA/CST continuously reviews Foreign Service Institute (FSI) and other online training relevant to invoice review and certification. CA/CST will monitor this effort to ensure CORs and GTMs take the relevant training by the beginning of FY 2018.

Recommendation 3: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement a formal process to monitor Contracting Officer's Representatives and Government Task Monitors who are administering contracts. At a minimum, this process should include steps to assess files in SharePoint to ensure that required documents are included and to ensure that all Contracting Officer's Representatives and Government Task Monitors are formally designated by the Contracting Officer.

CA Response: We concur with this recommendation.

Currently, CA/CST is able to track the following:

- Designated CORs and GTMs (received formal Designation Letter)
- FAC-COR Level
- FAC-COR expiration date
- Contract number, title, and Contractor name
- Division and branch

The tracking methodology will be in a table format including filter capabilities. The process will also include ensuring designated CORs and GTMs participate in training specifically related to complete contract files. This will be supplemented with the A/OPE COR file checklist. This checklist will be maintained in each contract file housed in current and future COR repositories (e.g. SharePoint). CA/CST will ensure CORs and GTMs appropriately populate the checklist as documents are uploaded to the repository. CA/CST anticipates implementing this process by Q2 of FY 2018. CA/CST has already made progress in this effort by conveying the status of COR and GTM compliance during CA/CST's leadership weekly status meeting.

CA/CST, in conjunction with CA/C, will make use of the Contract Information Management System (CIMS) to track and monitor COR/GTM certifications. CIMS tracks all COR/GTM's FAC-COR level, certificate expiration date, and division and branch. COR and GTM certifications are updated in the system regularly.

Recommendation 4: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, develop and implement a process to communicate information on roles and responsibilities to new Contracting Officer's Representatives and Government Task Monitors.

CA Response: We concur with this recommendation. CA/CST will coordinate with AQM and CA/C to review and refresh roles and responsibilities. CA/CST will utilize CA/C's COR/GTM

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SharePoint site to provide guidance to COR/GTMs. This SharePoint site houses COR/GTM resources for all procurement activities. CA/CST will work with CA/C to receive COR/GTM awareness training.

Recommendation 5: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$16,227,210 in questioned costs (consisting of \$222,621 in unallowable costs and \$16,004,589 in unsupported costs as listed in Table B.1. of Appendix B) identified during the review of invoices for the Data Engineering Data Management contract (SAQMMA14F1031) are allowable and supported, and (b) recover any costs determined to be unallowable or unsupported.

CA Response: We concur with this recommendation. Once OIG provides Appendix B, CA/CST will research the questionable costs to determine if costs are allowable. If CA/CST determines any unallowable costs were paid, CA/CST will work with AQM to recover them.

Recommendation 6: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$8,860,952 in questioned costs (all of which was considered unsupported as listed in Table B.2 of Appendix B) identified during the review of invoices for the American Citizen Services Support contract (SAQMMA14L0531) are supported, and (b) recover any costs determined to be unsupported.

CA Response: We concur with this recommendation. Once OIG provides Appendix B, CA/CST will research the questionable costs to determine if costs are allowable. If CA/CST determines any unallowable costs were paid, CA/CST will work with AQM to recover them.

Recommendation 7: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$1,129,393 in questioned costs (consisting of \$699,340 in unallowable costs and \$430,053 in unsupported costs as listed in Table B.3 of Appendix B) identified during the review of invoices for the Consular Lookout and Support System contract (SAQMMA12C0212) are allowable and supported, and (b) recover any costs determined to be unallowable or unsupported.

CA Response: We concur with this recommendation. Once OIG provides Appendix B, CA/CST will research the questionable costs to determine if costs are allowable. If CA/CST determines any unallowable costs were paid, CA/CST will work with AQM to recover them.

Recommendation 8: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) determine whether the \$2,135,713 in questioned costs (all of which was considered unallowable as listed in Table B.4 of Appendix B) identified during the review of invoices for the Passport Support Services contract (SAQMMA13L0327) are allowable, and (b) recover any costs determined to be unallowable.

CA Response: We concur with this recommendation. Once OIG provides Appendix B, CA/CST will research the questionable costs to determine if costs are allowable. If CA/CST determines any unallowable costs were paid, CA/CST will work with AQM to recover them.

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Recommendation 9: OIG recommends that the Bureau of Consular Affairs, Office of Consular Systems and Technology, (a) conduct a review to determine whether contractor personnel under the firm fixed price component of the Passport Support Services contract (SAQMMA13L0327) meet the education and certification requirements of the contract, (b) perform an analysis to determine the dollar-value of any payments made to the contractor for work performed by personnel deemed unqualified according to the contract requirements, and (c) recover any costs determined to be unallowable.

CA Response: We do not concur with Recommendation 9. CA/CST's requirement for this position states "Two additional years of general experience may be substituted in lieu of a degree or college-level course work." CA/CST reviewed the resumes of the Configuration Manager (CM) and Systems Architect and determined that both met the requirement because their resumes demonstrate the requisite experience. The CM has at least six years of relevant experience outside of this contract and three additional years of CM experience on this contract, and the Systems Architect has over 30 years of relevant experience.

Attachment:


OIG Draft Audit Report with CST Tracked Changes

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Approved: CA: David T. Donahue, Acting ()

Drafted by: James Smith, CA/CST/PMO, ext. 5-7728

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CA/CST: KReynolds (ok)
CA/EX: MAMES (ok)
CA/EX: STsiros (ok)
CA/C:RARndt (ok)

CA Tracking Number: T0658-17

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The attachment to the Bureau of Consular Affairs' response is available upon request, consistent with applicable law.

ABBREVIATIONS

A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
ACS	American Citizen Services
CA	Bureau of Consular Affairs
CA/CST	Bureau of Consular Affairs, Office of Consular Systems and Technology
CA/CST/SSPM	Bureau of Consular Affairs, Office of Consular Systems and Technology, Service Strategy and Portfolio Management
CLASS	Consular Lookout and Support System
CLIN	contract line item number
CO	Contracting Officer
COR	Contracting Officer's Representative
CSR	contract status report
DEDM	Data Engineering and Data Management
ER	Enterprise Reporting
FAC-COR	Federal Acquisition Certification-Contracting Officer's Representative
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAR	Federal Acquisition Regulation
FFP	firm fixed price
GAO	Government Accountability Office
GTM	Government Technical Monitor
PIB	Procurement Information Bulletin
PSS	Passport Support Services
T&M	time and materials
WSS	Web Support Services

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